



SECTION 6

Other Budget Considerations and Requirements

6.1 Other considerations

Architect/engineer fees

For the purpose of budgeting for capital projects, the fees for architect/engineer services are calculated using the Guidelines for Determining Architect/Engineer Fees for Public Works Building Projects <http://www.ofm.wa.gov/budget/instructions/capital.asp>. The guidelines define the basic services that should be included in each design phase and provide definitions for reimbursable expenses and extra/other services.

Energy conservation considerations

Energy conservation considerations should be included within the Capital Project Request report (C2) narrative section. It is important to identify choices made in the predesign phase. Be sure to explain how these measures meet Governor's Executive Order 05-01, Establishing Sustainability and Efficiency Goals for State Operations, and that buildings be designed and built to lowest life cycle cost. For assistance in developing the energy-related components of project requests, contact the Energy Program Manager, Department of General Administration, through the Division of Engineering and Architectural Services at (360) 902-7272.

Sustainable design

State law (RCW 39.35D) requires agencies to design sustainable facilities to achieve a minimum of a U.S. Green Building Council LEED™ (Leadership in Energy and Environmental Design) Silver Standard or an equivalent standard on all construction projects over 5,000 square feet, including grants and local community projects.

Sustainable design and construction is a holistic approach that minimizes environmental impact, reduces maintenance, and creates a more desirable workspace for occupants. Sustainable building focuses on siting issues, energy and water efficiency, recycled content building materials, minimization of local and global environmental effects caused by buildings, and indoor environmental quality.

Additional information on sustainability can be obtained from <http://www.ofm.wa.gov/sustainability/links.htm> and the Department of General Administration's Engineering and Architectural Services Energy Section.

Coordination with regional and local governments on project siting

OFM is required under the Growth Management Act to maintain an Essential State Public Facilities list to inform regional and local governments of the construction or siting of facilities across the state. All state-owned projects identified in the Governor's Ten-Year Capital Plan are essential public facilities.

Local governments cannot preclude the siting of essential state public facilities. For its part, the state must comply with local planning ordinances. While not all capital projects are sited at the time the budget is considered, it is important, whenever possible, to identify the preferred area or optional sites for locating each facility.

The state also has a strong interest in community-based facilities that are not owned by the state but are operated by other entities under contract to the state. State agencies with an interest in the siting of these community-based facilities should contact the local governments involved to provide input for their consideration.

Growth management information is required in capital plan

RCW 43.88.0301 promotes state capital facility expenditures that minimize unplanned or uncoordinated infrastructure and development costs, supports economic and quality of life benefits for existing communities, and supports local government planning efforts. Prior to capital budget submittal, agencies should make early contact with affected local governments and review their project lists against local plans and ordinances to ensure consistency with local plans.

This information requirement applies only to major capital construction projects over \$5 million. Projects located in a city or county under RCW 36.70A.040 are required to complete a predesign. Agencies should use the online template available at <http://www.ofm.wa.gov/budget/forms.asp> called Capital Budget Applicants Questionnaire. The completed template must be submitted to OFM in the ten-year plan submission.

RCW 43.88.0301 requires state agencies to answer the following questions for each project as part of the 2007-09 capital budget application process:

- Is the proposed capital project identified in the host city or county comprehensive plan, including the capital facility plan and implementation rules adopted under chapter 36.70A RCW?
- Is the proposed capital project located within an adopted urban growth area?
- If located within an adopted urban growth area, does the project facilitate, accommodate, or attract planned population and employment growth?
- If located outside an urban growth area boundary, does the proposed capital project create pressures for additional development?
- Was there regional coordination during project development?
- Does the project include leveraging of local or other funds?
- Have environmental outcomes and the reduction of adverse environmental impacts been examined?

CTED Assistance

The Department of Community, Trade, and Economic Development (CTED) can assist agencies in obtaining copies of local comprehensive plans and in answering the questions. For assistance, contact David Andersen, Department of Community, Trade, and Economic Development at (360) 725-3052 or davida@cted.wa.gov.

OFM reports annually to the Legislature on cost overruns or underruns

RCW 43.88.160 requires OFM to make an annual report to the Legislature regarding the status of all appropriated capital projects (including transportation projects) that show significant cost overruns or underruns. As these projects are completed, agencies must provide OFM with a final summary showing estimated start and completion dates of each project phase compared to actual dates, as well as estimated costs of each phase compared to actual costs. OFM will provide this information to the Legislature.

Facility inventory system updates are due June 30, 2006

Statewide inventory data play an important role in budget decisions. Agencies must provide condition assessments for facilities by June 30, 2006. OFM will provide a format and your agency's data from the previous year. This information will assist in reviewing budget requests and assessing agency performance regarding maintenance and preservation. This also helps agencies in preparing their Annual Maintenance Summary Report.

**GA assessments for
Thurston County space**

RCW 43.01 directs the Department of General Administration (GA) to assess agencies for costs related to the construction, renovation, and occupancy of certain space owned and managed by GA in Thurston County. One of these charges is the recovery of financing costs related to construction or major renovation projects, and the other is a capital projects surcharge levied in agency operating budgets to cover some of the costs of capital projects in Thurston County. (These charges are in addition to all existing facilities and services, seat of government, and Division of State Services lease management charges.)

These charges will occur in the operating budgets of affected agencies. Please refer to the 2007-09 Operating Budget Instructions, Part 2 for additional information about these charges.

***Capital project
surcharge***

A project surcharge is collected from all agencies housed in GA-owned and managed facilities in Thurston County except those occupying the Natural Resources and Highways-Licenses buildings. These buildings have separate financing cost-recovery agreements and are exempt from the capital project surcharge until the current cost recovery agreements expire or a surcharge is negotiated with GA.

State law allows increases to the capital project surcharge over time. For the 2007-09 Biennium, the surcharge is \$5 per square foot and will be included in the OFM central service agency charge adjustments made to agency operating budgets.

Cost recovery charge

The financing cost-recovery charge (debt service) applies to those facilities being purchased, constructed, or undergoing major renovation and will begin once agencies occupy the new or newly renovated space. This charge, like the capital project surcharge, is an OFM central service agency charge adjustment.

GA will include financing plans in its Ten-Year Capital Plan requests for new construction or major renovation projects. Tenant agencies must include funds in their operating budget requests to pay the financing cost-recovery charges in the biennium in which they occupy the new or newly renovated space. GA and the tenant agencies will coordinate their requests.

**Plant Operations
Support Consortium**

The Department of General Administration's Plant Operations Support Consortium may be able to assist in the implementation of capital projects. The Consortium provides support with project management, on-site assessment/consultation, technical assistance, and equipment brokering to facility managers. For more information, contact the Department of General Administration's Engineering and Architectural Services at (360) 902-7272.

Lapsing appropriations

There is a limited amount of resources available to meet many capital budget needs. When projects have been completed under budget or are indefinitely stalled for any reason, the appropriation for the project should be "lapsed" to free up the resources to meet other project needs. For this reason, agencies are asked to report savings from completed projects and funding for projects that cannot move forward. The funding for these projects will be lapsed at the end of the 2005-07 Biennium. When the issues involved in a stalled project have been resolved, it may be resubmitted in a future biennium.

Capital savings

The Legislature has provided two opportunities for agencies and institutions to take advantage of savings that are gained from appropriated capital projects. Agencies may transfer between projects and transfer to infrastructure project savings.

***Transfer between
projects***

The Governor, through OFM, may authorize a transfer of appropriation authority from a capital project that has funding in excess of the amount required for completion to another capital project for which the appropriation is insufficient. This transfer is available to all agencies and institutions subject to certain restrictions, as detailed in RCW 43.88.145. Agencies may request a transfer by submitting a letter to OFM.

***Transfer to
infrastructure
project savings***

Certain agencies have received an appropriation of \$1 in a project entitled Infrastructure Project Savings. This project is designed to allow agencies and institutions to transfer savings from completed projects into this project to be used for new infrastructure work. Funds transferred to this project can be used only for the following purposes:

- (1) road, parking and sidewalk repair
- (2) roof repair
- (3) electrical system repair
- (4) steam and utility distribution system repair
- (5) plumbing system repair
- (6) heating, ventilation, and air conditioning repairs
- (7) emergency repairs due to natural disasters or accidents.

***Report savings
and transfer
request to OFM***

Agencies and institutions are asked to report savings and fund transfer requests to OFM. The request must include the following:

- ☐ Project names
- ☐ Project numbers
- ☐ Fund sources
- ☐ Appropriation codes
- ☐ Appropriation amounts
- ☐ Savings amount
- ☐ Description of the transfer.